

STATE OF NEW JERSEY  
BUREAU OF SECURITIES  
P.O. Box 47029  
Newark, New Jersey 07101  
(973) 504-3600

IN THE MATTER OF:

Erik Walsh

CRD # 2589145

SUMMARY  
REVOCATION ORDER

Erik Walsh  
4450 NW 95<sup>th</sup> Avenue  
Coral Springs, FL 33076

Discovery Capital Group, Inc.  
2768 North University Drive  
Coral Springs, FL 33065

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., ("Law"), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of:

(1) Final Judgment Setting Disgorgement, Prejudgment Interest and Civil Penalty Against Defendant Erik Walsh, filed by the Honorable Paul Huck on December 11, 2002 in the United States District Court for the Southern District of Florida, in the Securities Exchange Commission v. Discovery Capital Group, Inc., Erik Walsh, and John Abresch [Case No. 02-60363-CIV-Huck]; and

(2) NASD letter of revocation of registration pursuant to NASD Procedural Rule 9522(a)(2) & (3) (November 8, 2002); the Bureau Chief has determined that the broker-dealer

registration of Erik Walsh ("Walsh") shall be **REVOKED** for the reasons that follow:

1. Walsh is an individual and former CEO of Discovery Capital Group ("DCG") with a last known residential address of 4450 NW 95<sup>th</sup> Avenue, Coral Springs, Florida 33065. He had been registered with the Bureau between the period of June 29, 1995 and February 26, 1999 with Gruntal & Co., LLC. Walsh was then registered with Janney Montgomery Scott, LLC from February 12, 1999 until April 19, 1999. Next, Walsh was registered with the now defunct Trade.com, which became Bluestone Capital Partners LP, from July 22, 1999 to December 23, 1999. Lastly, Walsh was registered as a representative with DCG beginning June 1, 2000 and ending November 19, 2002.

2. On March 14, 2002, the Commission filed an emergency federal civil action against DCG, a broker-dealer registered with the Commission since 1992, Walsh, DCG's CEO, and Abresch, DCG's VP and director of institutional sales, alleging that since June 2001 DCG had raised at least \$2.7 million from investors through the sale of securities in the form of notes and preferred stock. Using high pressure, "boiler-room" tactics, sales agents of DCG falsely tell prospective investors they are affiliated with the well-known brokerage firm E.F. Hutton, has partnered with major banks, or are going public via an IPO. The reality of DCG is that they raise investor funds for the benefit of its principals and sales agents, including over \$500,000 to Abresch. The E.F. Hutton affiliation evolved from a company that Walsh set up called E.F. Hutton & Co., Inc. that had no ties to the now defunct E.F. Hutton. In addition, DCG, Walsh, and Abresch have failed to record at least \$1.3 million worth of loans, in violation of securities laws and placing customers at risk. This Temporary Restraining Order was entered by the United States Court for the Southern District of Florida on March 15, 2002.

3. On October 4, 2002, the Honorable Paul Huck ("Huck"), for the United States District

Court for the Southern District of Florida, entered Judgment of Permanent Injunction and Other Relief Against Defendant Erik Walsh, by his consent. The Commission sought, among other relief, a permanent injunction to prohibit violations by Walsh of Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5, thereunder, an order providing for disgorgement and prejudgment interest thereon, and imposition of a civil money penalty against Walsh pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act. On December 11, 2002 the court entered Final Judgment Setting Disgorgement, Prejudgment Interest and Civil Penalty Against Defendant Erik Walsh.

4. On April 5, 2002, the NASD notified DCG that Walsh was subject to statutory disqualification as a result of the Temporary Restraining Order filed by the SEC and entered by the United States Court for the Southern District of Florida on March 15, 2002. DCG never responded to the letter from the NASD. Accordingly, pursuant to NASD Procedural Rule 9522(a)(2) and (3), on November 8, 2002, the NASD notified DCG and Walsh that Walsh's registration was revoked.

WALSH IS PERMANENTLY ENJOINED BY A COURT OF COMPETENT JURISDICTION  
FROM ENGAGING IN OR CONTINUING ANY CONDUCT OR PRACTICE IN THE  
SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(iv)

5. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

6. Pursuant to N.J.S.A. 49:3-58(a):

[t]he bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the